

**State Employee Benefits Advisory Council Meeting**  
**August 9, 2010**  
**Statewide Benefits Office**  
**Dover, Delaware**

The State Employee Benefits Advisory Council met on August 9, 2010 in the Statewide Benefits Office, 500 W. Loockerman St., Suite 320, Dover, Delaware. The following Council members and guests were present:

Patricia Griffin, SEBAC Chair, AOC  
Michael Nichols, SEBAC, DSP  
Marsha Carson, SEBAC, DOS  
Frederika Jenner, SEBAC, DSEA  
Sandra Ogden, SEBAC, DOA  
Brenda Lakeman, OMB, SW Benefits, Director

Faith L. Rentz, OMB, SW Benefits  
Deputy Director  
Ann P. Skeans, OMB, SW Benefits  
Tim Barchak DSEA  
Lisa R. Carmean, City of Milford  
Dave Leiter, DHSS, DMS, DPC

Ms. Lakeman called the meeting to order at 3:05 p.m. Introductions followed. Patricia Griffin is the newly appointed Chair. The two new members Sandra Ogden and Frederika Jenner were welcomed. It was noted three members need to be present to have a quorum. The informal process for conducting SEBAC meetings was explained. Scheduling for the meetings was discussed and all agreed the existing schedule will work for them.

**1. Approval of Minutes**

Ms. Lakeman asked members to review the June 24, 2010 SEBAC minutes and then asked for a motion to approve them. Ms. Griffin made the motion and Mr. Nichols and Ms. Carson seconded the motion. Upon unanimous voice vote the minutes were approved.

**2. Update of SEBC Activities – Brenda Lakeman (handout - SEBC August 16 meeting agenda)**

The Fund Equity will be reviewed. It has been updated through June as they did not have July yet, so she does not have a bottom line. There was an additional \$37.5 million put into the budget for health care to meet the FY11 obligations. This avoided the need to tap into the health fund reserve. Ms. Griffin clarified the reserve remains \$50 million in the health fund equity. Ms. Lakeman confirmed this. The only other item on the SEBC agenda for August is to discuss an update of the Health Management program as it started since July 1, 2010, and a possible incentive strategy.

Ms. Lakeman asked if there were any other questions. Mr. Leiter asked if the \$37.5 million covers the ten percent cost increase covered by the State of Delaware in full. Ms. Lakeman said no, it did not mean that. She explained the objective is to try to resume the cost share of the premium as it was in FY10 when we get back to FY12. Examples were given. It will not necessarily be a ten percent increase. It's the cost share of the premium between the state and the employee. Mr. Leiter asked for the figures and Ms. Lakeman said she can get those for him. They are slightly less for the employee's share for FY11 because the employees share did not increase, but the total increased. The state absorbed that. Mr. Leiter is concerned that a lot of people don't understand this. Ms. Lakeman agreed. To say that's going to happen for FY12 is premature. It is a reality that it is a possibility.

Ms. Griffin asked if all the other programs went into effect on July 1, 2010. Ms. Lakeman said everything did. She explained what Blue Cross specifically was doing with Med Solutions. They removed stress testing from the program. For CAT scans, MRIs, PET scans, providers had to begin

again to request approval for those procedures. For a 60 day time, even if Med Solutions denied the test, Blue Cross was still approving it. If upon appeal Med Solutions denied it again Dr. Kaplan was going to look at the procedure itself. She believed they were still in that 60 day period of time where nobody's being denied. In August they will see people denied tests. Ms. Griffin wanted to know if she would share the numbers with them at some point. Mrs. Lakeman confirmed that there are very stringent reporting requirements in place and will be able to provide those to the committee.

Changes to IVF and Bariatric programs both went into effect. They applied for the exemption for the Mental Health Parity for another year, but have not heard back from CMS, nor were they expecting to. As long as they filed in a timely manner they should be fine for next year. Genetic testing for coumadin, warfarin and tomoxafin and approval programs for some of the cancer and multiple sclerosis medications have gone into effect. A lot of calls are coming in about the IVF. Specifically those grandfathered, about 200. Anyone approved for IVF as of June 30, 2010 and who had utilized the benefit since January 1, 2009 was grandfathered. People approved say five years ago who hadn't used the benefit since 2009 were not grandfathered. The calls are mostly from those grandfathered. Ms. Skeans explained a letter was sent out to them after the 25 percent co pay was eliminated, so they would be aware of the change.

Mr. Leiter asked about the age 26 insurance. It was confirmed it would not be effective until July 1, 2011. He stated it needs to be made clear to those employees who bring back prior terminated dependents.

Ms. Griffin asked if \$37.5 million will balance the budget so there's no deficit. Ms. Rentz said yes. Agencies and school districts will be fully funded to pay the FY11 health care rates once that money has been provided to them.

Ms. Rentz stated, concerning Monday's SEBC meeting, the FY10 financial reporting would not be available until the September meeting due to the timing at which they get it from the insurance carriers, prescription benefit manager and the time it takes for our consultants to combine all of the vendor reporting.

Ms. Lakeman informed new members the SEBC meeting is normally the fourth Monday of the month at 2:00 p.m. Ms. Griffin asked if new members were aware of the difference between SEBC and SEBAC. Ms. Lakeman explained who the SEBC members were and that the SEBC and SEBAC were both established at the same time in Delaware Code. Their purposes were explained. SEBAC is encouraged to provide representation from various employee groups. Ms. Rentz added that the Statewide Benefits Office tries to keep the SEBAC apprised of what is happening at the SEBC level. There needs to be an understanding they have an obligation to that higher committee. There will be times when although they do their best to share with them what will be discussed at those meetings, it's not always appropriate to share at that same level with SEBAC. These SEBAC meetings are held in advance of SEBC because they want and value your input and feedback from the groups you represent. Certain items are kept for discussion with SEBC first. Ultimately, per Delaware Code it is the responsibility of the SEBC to make these decisions.

Mr. Leiter asked if the Aon general package could be presented at the SEBAC meeting. That would be knowledgeable for the SEBAC to make a comment. Ms. Rentz explained those documents are

prepared for the higher committee, SEBC. While it is acceptable for SEBAC to request something discussed with them at a past SEBC meeting, it would not be appropriate to share that information to that level of detail with this committee before it was shared with the SEBC. Ms. Lakeman reinforced they try to provide as much detailed information as possible. Sometimes there are still decisions being made as to what is going to be presented to the SEBC hours before the meeting. All details are not always known when meeting with SEBAC.

### **Upcoming SEBC – August 16, 2010**

#### **Director's Report – Ms. Lakeman**

An update on RFPs will be given. The supplemental package will be eliminated next year. Vision RFP ads will be run August 16 and 23. It will be a standalone program with pre-tax deduction to begin July 1, 2011. Prescription and dental RFPs will be put out before August 31, 2010. Prescription will be for five years. Dental is being bid this year early due to a potential cost increase. If schools have their own separate vision or dental plans they will not be offered the state vision or dental plans. All three programs will be effective July 1, 2011. Questions were answered as to contract lengths.

An update on spousal coordination of benefits (COB) numbers will be given. There had been about 2,000 sanctioned spouses due to not completing the COB form during open enrollment. We are down to a few hundred. Once we sent out the sanction letters people responded quickly to complete forms.

Ms. Rentz noted there was a standing agenda item related to Health Care Reform. The Aon team typically and most likely will provide the SEBC with any updates on that. There is no other update than the Group Health Plan did make application for the retiree reinsurance program. That was done on July 2. The application was made available June 30. We submitted it to the federal government within 72 hours after the application was made available. It was explained for those who were unfamiliar with that piece of health care reform that it is a component that allows health plans to apply for and be reimbursed for expenses related to the early retiree population only. These are individuals who have retired but are not yet eligible for Medicare and are under age 65. There is a range if their claims exceed \$15,000 or less than \$90,000 the health plan can request reimbursement up to 80 percent of those claims incurred in that range. We could be eligible for \$18 million for FY11. Step one was getting the application submitted. There is a limit to the amount of money available for reimbursement which is \$5 billion. It sounds like a lot but we have less than 7,000 retirees in that population just in our plan and are looking for reimbursement of \$17 to \$18 million for one year so the funding will not last. All we know is they received our application. More information will be available within the next month or two on what the actual reimbursement process will entail. It will require a lot of effort on the part of our medical plans and prescription benefit manager. All claims information will have to be provided to justify our request.

Ms. Lakeman informed there are many aspects of health care reform that don't impact our plan. Patients' protection rights as far as appeals, pre-existing conditions are things we already have in place. Also there are items that don't apply to us since we consider our plan grandfathered as there were no significant changes made after March 23, at least for FY11. Because we are grandfathered we don't have to put in place certain things such as the preventive care at zero dollars for FY11. In FY12 we will determine if our grandfathering status will remain or if we'll lose that and have to take

other steps. Mr. Casey will probably talk about those other items even though they may not apply to us as SEBC is interested in health care reform and how it could impact us in the future. You may hear information we haven't talked about today.

Mr. Leiter stated his understanding as being that what they hear in SEBAC today is generally the items that will be voted on. The items they present are fluff and it upsets him because it will happen sooner or later. He was assured there was no need to be upset, just to think about the information.

Ms. Rentz stated there will be an Executive Session at the end of SEBC to vote on a health appeal. One other agenda item will be discussed with the SEBC on Monday is a follow-up to our last discussion with them in May on the new Integrated Health Management program, which we now call Condition Care and Wellness program. If you attended the prior meetings you may recall Zach March from Alere did a presentation. The program pulls together what was Disease Management administered through the health plan, Aetna and Blue Cross. We pulled that along with our Wellness program under one vendor. It becomes more seamless and a bit easier for employees to understand and work both chronic conditions and related needs to disease management, but also healthy living, lifestyle, and behavior changes related to wellness. In May the SEBC was given an overview of what the program looked like. The Wellness piece will be launched on October 1<sup>st</sup>. We will discuss strategy for increasing engagement and participation in the program to try to increase participation. For three years we've had a Wellness program through Staywell Health Management. Promotion of the program has been inconsistent. The incentive strategy for FY11 was discussed. Comments included bringing back the Weight Watchers reimbursement program. For FY12 we may consider a tobacco use surcharge. Mr. Leiter asked if they have considered a drinking surcharge as that affects health as much. He had concern for targeting one area and not others as that is discrimination. Ms. Lakeman responded this is one thing that has been vented through the legal system that can be done. There are some other states doing it. This tobacco piece will be put out as future strategy. Mr. Leiter seriously suggested the state change work hours from 37.5 to 40 hours a week, giving employees 2.5 hours to use for exercise. Mr. Nichols suggested giving comp time for employee exercise time.

### **3. SEBAC Comment to SEBC**

SEBAC supports the Wellness program with incentives and request that the program design promote participation by employees at all pay grades.

### **4. Other Business**

None.

### **5. Public Comment**

Public comments were intermingled during discussions.

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Ms. Griffin asked for a motion to adjourn. Ms. Carson made the motion and Mr. Nichols seconded the motion. Upon a unanimous verbal approval the meeting adjourned at 4:35 p.m.

Respectfully submitted,

Mary Thuresson  
Administrative Specialist  
Statewide Benefits Unit, OMB